

## **MINUTES**

### **MONTANA SENATE 57th LEGISLATURE - REGULAR SESSION COMMITTEE ON FINANCE**

**Call to Order:** By **CHAIRMAN BOB KEENAN**, on January 29, 2001 at 5:00 P.M., in Room 303 Capitol.

#### **ROLL CALL**

**Members Present:**

Sen. Bob Keenan, Chairman (R)  
Sen. Ken Miller, Vice Chairman (R)  
Sen. Tom A. Beck (R)  
Sen. Chris Christiaens (D)  
Sen. John Cobb (R)  
Sen. William Crismore (R)  
Sen. Greg Jergeson (D)  
Sen. Royal Johnson (R)  
Sen. Bea McCarthy (D)  
Sen. Linda Nelson (D)  
Sen. Debbie Shea (D)  
Sen. Corey Stapleton (R)  
Sen. Bill Tash (R)  
Sen. Jon Tester (D)  
Sen. Mignon Waterman (D)  
Sen. Jack Wells (R)  
Sen. Tom Zook (R)

**Members Excused:** Sen. Arnie Mohl (R).

**Members Absent:** None.

**Staff Present:** Prudence Gildroy, Committee Secretary  
Jon Moe, Legislative Branch

**Please Note:** These are summary minutes. Testimony and discussion are paraphrased and condensed.

**Committee Business Summary:**

Hearing(s) & Date(s) Posted: SB 88, 1/27/2001; SB 302,  
1/27/2001  
Executive Action: SB 302; SB 246

**{Tape : 1; Side : A}**

**Terry Johnson, Principal Fiscal Analyst, Legislative Fiscal Division**, presented the General Fund Status Sheet to the committee.

**EXHIBIT (fcs23a01)**

**EXHIBIT (fcs23a02)**

**EXHIBIT (fcs23a03)**

If any committee takes positive action on any bill, it gets put on the status sheet along with its impact. If bills are re-referred, they fall back off status until positive action takes place again. This was a decision made and adopted by the Management Committee. Executive action in subcommittees is reflected on the status sheet. Mr. Johnson explained the other documents that he provided. One showed all subcommittee action by agency as compared to the base, broken out by general fund and all funds. The other was the comparison of the Legislative Budget to the Martz Budget. He distributed a document reconciling between the Racicot, Martz, and Legislative Budgets.

**EXHIBIT (fcs23a04)**

**Mr. Johnson** informed the committee that adjustments were made to the Martz Budget. In the Martz budget, there was \$18 million of additional revenue in FY2001. One component was the tobacco trust account (\$3.7 million to the general fund if received before January 1). The first tobacco payment did not come in until after January 1, therefore by law the money had to go into the trust account. The second item was a projection by DOR for revenues of \$25 million from the telephone excise tax. The DOR later projected that \$5.8 million would be collected. Then word was received that the \$5.8 million would not be collected.

**CHAIRMAN BOB KEENAN** asked about the total reductions. **Mr. Johnson** indicated that the telecommunications reduction was about \$5.8 million and the tobacco trust reduction was about \$3.7 million for a total of about \$9.6 million.

**{Tape : 1; Side : B}**

Reversions are funds that agencies won't expend in a given biennium. There was \$15 million in reversions built into the Racicot budget. In the Martz budget, the reversion estimate was adjusted upwards to \$17 million, the extra \$2 million due to the Comprehensive Insurance Program in the State Auditor Office. The Management Committee adopted the amount of \$10.7 million as an estimate for reversions. They looked at what agencies actually reverted in FY2000; calculated a percent of reverted amount for each individual agency; applied it to the budget for 2001, 2002, and 2003; and made further adjustments for one-time reversions. The lower reversion figure was further justified by the fact that an application of 4% vacancy savings to agency budgets would not likely produce a large reversion. Utility rates could be a factor if agencies are not funded for 100% of electrical rates and are required to eat some of those costs. Agencies have statutory authority to move 30% of their reverted balance into

the next biennium. **CHAIRMAN KEENAN** asked about A-accruals from one biennium to the next or within a biennium. **Mr. Johnson** said an A-accrual can be done any year. A-accruals and B-accruals count as if the money is expended. Any excess after that is counted in the 30%.

**SEN. JOHN COBB** asked how much money is normally involved in the 30% in any given year. **Mr. Johnson** said that the first year the amount was less than \$200,000. In the last fiscal year, the figure was closer to \$500,000. There are some constraints. Agencies cannot automatically move funds into the next biennium without specific reasons or projects for utilizing those funds. If every recommendation contained in the Martz budget was adopted, the balance at this point in time would be \$12 million.

**SEN. TOM BECK** asked about revenue adjustments done by the Budget Office concerning new revenue. **Mr. Johnson** stated that very little new revenue was available from the telecommunications excise tax. **SEN. BECK** asked if the budget office had not yet accounted for the reversions and if that was the reason for the difference in numbers between the Martz Budget and the Legislative Budget. **Mr. Johnson** said that was an area where there was a disagreement. **SEN. BECK** stated that he believed that the reversions will be closer to those estimated in the Legislative Budget than with those of the Budget Office. He recommended the committee look at the \$12 million Legislative Budget ending fund balance rather than the \$20 million of the Martz Budget.

**SEN. COBB** asked about actions in subcommittees. **Mr. Johnson** answered that the comparison document only addresses official action taken. **SEN. COBB** asked about actions addressing savings. **Mr. Johnson** said those numbers would then be added to the \$12 million figure.

**Mr. Johnson** stated that the reports will be issued weekly.

#### HEARING ON SB 88

**Sponsor:** **SEN. MIGNON WATERMAN, SD 26, Helena**

**Proponents:** **Robert Lloyd Getz**  
**Twila Costigan, Montana State Foster Adoptive**  
**Parent Association**  
**Colleen Murphy, Director of the Montana Chapter of**  
**the National Association of Social Workers**  
**Sharon Hoff-Brodowy, Montana Catholic Conference**

**Opponents:**           None.

**Opening Statement by Sponsor:**

**SEN. MIGNON WATERMAN, SD 26, Helena,** stated that the reason the bill had come to the committee was due to the fiscal note. SB 88 is a bill to continue Medicaid funding for youth leaving foster care until age 21. **SEN. WATERMAN** said it was not possible to identify savings to make the bill revenue neutral. She described the type of kids targeted by the bill and why money would be saved in the next biennium. Kids who were never adopted for various reasons, or were in a residential treatment program, are being "aged out" of services. Others have serious health problems and are in the long process of applying for SSI or SSDI, which can easily take 18 months to two years. Those kids lose all services, including medications, while they are waiting. The fiscal note is an estimate of how much the kids would cost on average. They don't cost anything unless they need medicine or medical attention. These are kids who have not made healthy connections. Medicaid is a key for them.

**Proponents' Testimony:**

**Robert Lloyd Getz,** testified that was he had been in the culture of foster care from the age of two. He commented that he needed the most direction in his life between the ages of eighteen and twenty-one. During his college career, he observed students whose parents continued to provide medical coverage for them while they were in school. Much money has been invested in foster care; the investment needs to be protected. It is a difficult time when kids phase out of the system at age eighteen. There needs to be a message sent that there will be medical coverage for those kids.

**Twila Costigan, MSFAPA,** testified that the children targeted in SB 88 are abused and neglected children that the State has taken custody of and placed in foster care. When they age out of the system, they are scared and don't have a lot of support. Items that most people take for granted like getting a driver's license, car insurance, or an apartment, and paying for groceries and phone, are things that these kids struggle with. These kids face tremendous challenges. They often find themselves fully emancipated and on their own without the family support that they need. They continue to need access to medical care. In recognition of the negative impact of the trajectories of many of these young people and the need to provide them with a safety net, the John Chaffee Foster Care Independence Act of 1999, gave the states flexibility to provide Medicaid for young people ages eighteen to twenty-one who are transitioning from foster care. A

state may provide Medicaid to all young people under the age of 21 who are in foster care on their 18th birthday and fall into specific categories as identified by the state. This option will serve as a safety net for young people who are beginning their transition into adulthood, without the support of birth or extended family. It is not expected that large numbers of youth will apply for benefits. Some kids might be eligible for Medicaid anyway: 18-year-olds who may be covered for one year if they meet the state's age and income guidelines, young people with serious disabilities who can qualify for SSI, pregnant kids, young people 18, 19 and 20, who the state has chosen to cover under the Ribicoff option in federal law; and some states also choose to provide health care coverage to young people transitioning from foster care under a CHIP program or exclusively with state funds. Examples of ways states may limit who they choose to make eligible for Medicaid are: only otherwise eligible young people who are receiving federal foster care payments or independent living services under Title IV of the Social Securities Act; only eligible young people with assets, resources, and income below certain levels; and third, states may choose to extend Medicaid to young people of certain ages rather than to all kids ages eighteen through twenty-one. Most young people have had health insurance coverage through the Medicaid program while on foster care. The biggest problems in obtaining health care on Medicaid occur for young people when they leave foster care often at age eighteen. The health insurance coverage through Medicaid or other means does not continue unless the state has made special accommodations for them. She related the story of Daryl, who struggled with the issue that the bill addresses, finally ending up in the prison system.

**{Tape : 2; Side : A}**

**Ms. Costegan** urged passage of the bill.

**EXHIBIT (fcs23a05)**

**Colleen Murphy, Director of the Montana Chapter of the National Association of Social Workers**, testified that the association supports SB 88 because it will prevent more costly health and mental health problems and support the successful transition of vulnerable children in the foster care system. She chose to deviate from her prepared testimony to declare that this bill will potentially save the state money for a small expenditure of money. There may be creative options that can be found to fund the program. There is the Ribicoff program that OPI can access. The association supported the cigarette tax. The revenue side of the budget needs to be addressed as well as the expenditure side. She was horrified to learn that the state has no reserve account.

She also stated that she is one taxpayer who doesn't mind paying taxes.

**EXHIBIT (fcs23a06)**

**Sharon Hoff-Brodowy, Montana Catholic Conference**, spoke in support of SB 88. She expressed concern over the budget difficulties, but stressed that the bill was not just about the cost of the program, but the cost in human dignity and the cost and value of a human being. The kids have been tossed around and it is important to find some ways to support and sustain their lives after leaving the system.

**SEN. CHRIS CHRISTIAENS, SD 23, Great Falls**, testified on behalf of SB 88. The Subcommittee on Institutions recently had a tour of the regional jail and prison at Missoula. The facility's medical director told the committee that if there was one thing that would make a difference in the budget of the regional jail/prison, it would be SB 88. On the day of the visit, 34% of the population of the jail in Missoula was there because of the gap between age eighteen and twenty-one. Many of these young people have been in foster care or group homes, have gotten out, and become homeless. They cannot afford to purchase medication, and they end up in the jail. The costs are then picked up in high jail and prison costs. As the Subcommittee on Institutions struggles to deal with the Corrections budget, this legislation may in a small way pay for some of the other costs. **SEN.**

**CHRISTIAENS** was convinced that if there is an area that can be cut, it is Corrections. It means that money is put in prevention up front. If that is not done, nothing will be left for education, which should be a priority.

**Opponents' Testimony:** None.

**Questions from Committee Members and Responses:**

**SEN. BECK** asked **Colleen Murphy** for clarification on her association's reserve. **Ms. Murphy** stated the reserve was a six month reserve.

**SEN. JON TESTER** asked **SEN. CHRISTIAENS** what kind of numbers are in the 34%. **SEN. CHRISTIAENS** replied that the facility has 220 beds in the jail; the prison population runs about 33%. The numbers from the Department of Corrections said that of 2589 inmates, 891 are in there because of mental health issues. That is one of the budget busters in that department.

**SEN. COREY STAPLETON** asked **SEN. WATERMAN** if there was any reason not to look at the situation just like anyone else in society when they get kicked off their current health insurance. He

wondered if a "quasi-COBRA" could be entertained. He asked if eighteen to nineteen and a half (eighteen months instead of three years) would be an option for coverage. **SEN. WATERMAN** replied that would be an option. Presently kids that are in foster care and still in high school actually remain in foster care until they are nineteen and the state assumes their care between eighteen and whenever they graduate from high school. That is 100% general fund and doesn't show up in the fiscal note. Twenty one is the age that a number of states use. **SEN. STAPLETON** asked if other states cover these youth. **SEN. WATERMAN** replied that most states do cover these youth and do so to a higher percentage of poverty. Montana is one of ten states that are still at the minimum level. She offered to get the number of states that end Medicaid at eighteen.

**SEN. BECK** stated that the only reason the bill was being heard was the \$350,000 fiscal note. He said no one would argue the merits of the program. If this saved so much at the Missoula County Correctional Facility, he wondered if they would be willing to come up with the \$350,000 for the match or if some money could be shuffled around to make the program work. **SEN. CHRISTIAENS** replied that what is true in Missoula County is true throughout the state. About 34% of those in corrections fall in the eighteen to twenty-one population and are all high cost individuals because of medication. He did not have an answer to **SEN. BECK's** question.

**SEN. McCARTHY** asked if it would be possible to get the information from all the corrections units and if the Corrections Subcommittee could take the bill and fund it at the level **SEN. STAPLETON** talked about. **SEN. CHRISTIAENS** replied that Medicaid is not available if one is adjudicated. The moment one is adjudicated and remanded to the DOC, one is no longer eligible for Medicaid. The reason for looking at this bill is the matches that are involved, using pure federal dollars instead of state general fund dollars. If federal dollars can be had with a state match that is better than dealing with 100% general fund.

**SEN. WELLS** asked if this is an investment, then what is the return on the investment. He asked **SEN. WATERMAN** if she would agree to put a stipulation for a one-time appropriation with the condition that within a few years there is a 10 or 15% reduction on new people coming into correctional facilities. **SEN. WATERMAN** said she would like to think there would be a 10% reduction in the prison population if the bill is passed. She said there was no problem with putting a four year sunset on the bill and have the legislature evaluate the effectiveness of it at that point. The problem as stated by **SEN. CHRISTIAENS**, is that if the bill passed, 200 people would not come out of the Missoula County

jail. The truth is many of those are there because of lack of medication. Many of these people are mentally ill and can stay stable with medication and without it they can't. Those people are already lost. This bill is about cost avoidance, like much of what is dealt within human services and prevention. **SEN.**

**WELLS** said he would like to see some historic trends regarding the number of new admittees and hopefully see a reduction. **SEN.**

**WATERMAN** agreed that tracking these kids is necessary. Only anecdotal information has been available. These kids need a mentor sort of program. Project Challenge gives those kids some structure and a mentor, a healthy and normal relationship. Instead, kids turn eighteen and go out and live with their buddies who do drugs, probably the kids they met when they were in residential treatment.

**SEN. MILLER** asked **SEN. WATERMAN** for numbers of males and females. He asked if females become pregnant, what happens to those children. **SEN. WATERMAN** said her perception was that the population was probably heavily weighted towards males who age out of the system without being adopted. **SEN. MILLER** asked if going into the military was an option for this population as it probably was in the past. **SEN. WATERMAN** answered that the military has gotten more selective. The military was a catch-net for kids who had problems for a long time. The judge often gave them the choice between Pine Hills or the military. That is not an option any more. The Military won't take kids with chemical dependency and mental illness. **SEN. MILLER** agreed but asked if the kids are counseled that the military is an option. **SEN.**

**WATERMAN** replied that the kids are probably not material for the military. Local social workers have profiles of these kids who turn eighteen without being adopted. These are kids with serious problems and without great options.

**CHAIRMAN KEENAN** asked if it were possible to "put guard rails" on what is trying to be done in order to take care of people who have problems and can't take care of themselves rather than opening this up broadly and taking care of people who are able to look at other options like vo-tech schools, scholarships or the military. **Ms. Costegan** thought it would be a possibility to narrow it down, but the intent of the bill is more to help kids who are trying to make it, than for the kids that are seriously, emotionally disturbed. Those kids would not be served under this bill. That is a AMDD versus Child and Family Services Division issue. **CHAIRMAN KEENAN** said that was why he was thinking guard rails. He asked what percentage of these kids have special needs. **Ms. Costegan** said that was not tracked within the department. Her experience was that most kids did okay with help. Putting guard rails on would be important and she also liked the suggestion regarding tracking. **CHAIRMAN KEENAN** stated



the need to quantify who these kids are so that they can be helped specifically.

**Closing by Sponsor:**

**SEN. WATERMAN** agreed that it would be wise to wait on acting on this bill in committee. There will be a proposal in her subcommittee to talk about federal funding to provide some transitional services to youth in this age group. It requires some general fund match. She urged holding the bill and not acting on it right away.

**{Tape : 1; Side : B}**

**HEARING ON SB 302**

**Sponsor:**           **SEN. BOB KEENAN SD 38, Bigfork**

**Proponents:**       **None.**

**Opponents:**       **None.**

**Opening Statement by Sponsor:**

**SEN. BOB KEENAN SD 38, Bigfork**, opened for SB 302 which would change the name of the Senate Finance and Claims to Senate Finance and amend certain sections of code. After reviewing committee names, he wondered why long names were needed. He researched the history of the name. When the State Auditor cut the checks, there was a board that handled the warrants and the claims during the interim.

**Proponents' Testimony:**   None.

**Opponents' Testimony:**   None.

**Questions from Committee Members and Responses:**

**SEN. ZOOK** questioned section 4, where the word department is used. There may be an amendment needed to correct that.

**SEN. BECK** questioned the change from Chairman to Presiding Officer. **SEN. MILLER** answered **SEN. ZOOK's** question about the word "department" saying it referred to the **Department of Administration**. **Jon Moe, Legislative Fiscal Division**, said that the department was defined as the Department of Administration earlier within the section (of code) but not in the text dealt with in the bill.

**Closing by Sponsor:** SEN. KEENAN closed on SB 302.

**EXECUTIVE ACTION ON SB 302**

**Motion:** SEN. MCCARTHY moved that SB 302 DO PASS.

SEN. BECK thought that the appointment of members to the committee needed more definition within the text of the section of code. Mr. Moe said the section refers to the LFC and consists of four members of the House and four members of the Senate.

SEN. BECK stated a dislike of the term presiding officer. Mr. Moe said it was the result of housekeeping that drafters do to apply new rules. SEN. WELLS thought that presiding officer was a very indistinct term. Chairman is a distinct term. Regardless of gender correctness, presiding officer is not a very good substitute for chairman. SEN. WATERMAN said she would vote against the bill because she is a traditionalist. If the bill doesn't pass, the change to presiding officer won't happen. There should be a fiscal note on the bill for the reprinting of stationery, she said.

**Motion:** SEN. WELLS moved that AN AMENDMENT TO SB 302 REMOVING THE TERM "PRESIDING OFFICER" AND USING THE TERM "CHAIRMAN" BE ADOPTED.

CHAIRMAN KEENAN suggested using the term Chair. SEN. LINDA NELSON suggested chairperson. SEN. WELLS thought Madam Chairman was a very acceptable way to address female chairmen.

**Substitute Motion/Vote:** SEN. JOHNSON made a substitute motion that SB 302 BE TABLED. Substitute motion passed 12-6 with Keenan, Shea, Wells, Stapleton, Cobb, and Miller voting no.

**EXECUTIVE ACTION ON SB 246**

**Motion/Vote:** SEN. CHRISTIAENS moved that SB 246 BE TABLED. Motion carried unanimously.

**ADJOURNMENT**

Adjournment: 6:44 P.M.

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SEN. BOB KEENAN, Chairman

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PRUDENCE GILDROY, Secretary

BK/PG

**EXHIBIT** (fcs23aad)